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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

OMB APPROVAL	
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8-32099

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 10/01/2015 AND ENDING 09/30/2016
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **LAWSON FINANCIAL COR**

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
3352 E. CAMELBACK RD.

(No. and Street)

85018

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

LONA NANNA

602-381-8588

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Breard & Associates, Inc., Certified Public Accountants

(Name - if individual, state last, first, middle name)

9221 Corbin Avenue, Suite 170

Northridge

CA

91324

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, ROBERT W LAWSON, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of LAWSON FINANCIAL CORPORATION of SEPTEMBER 30, 2016, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

[Handwritten Signature]
Signature
PRESIDENT/CEO
Title

This report ** contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

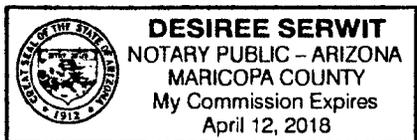
**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of Arizona
County of Maricopa

Subscribed and sworn to (or affirmed) before me on this 14 day of November, 2016 by Robert W. Lawson proved to me on the basis of satisfactory evidences to be the person who appeared before me.

Notary Public Desiree Serwit





BREARD & ASSOCIATES, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Registered Public Accounting Firm

Board of Directors
Lawson Financial Corporation

We have audited the accompanying statement of financial condition of Lawson Financial Corporation as of September 30, 2016, and the related statement of operations, changes in stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of Lawson Financial Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lawson Financial Corporation as of September 30, 2016, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

As explained in Note 13, the Company is a defendant in a FINRA complaint alleging securities fraud in the sale of municipal bonds. The company believes the allegations are false, but an adverse ruling on this matter could have a profound effect upon the Company's ability to continue operations. Since it is not possible, at this time, to predict the outcome of this contingency, we have not modified our opinion on the financial statements taken as a whole.

The information contained in Schedule I, II and III (supplemental information) has been subjected to audit procedures performed in conjunction with the audit of Lawson Financial Corporation's financial statements. The supplemental information is the responsibility of Lawson Financial Corporation's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, Schedules I, II and III are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Breard & Associates, Inc.

Breard & Associates, Inc.
Certified Public Accountants

Northridge, California
November 21, 2016

LAWSON FINANCIAL CORPORATION
Statement of Financial Condition
September 30, 2016

ASSETS

Cash	\$	564,649
Cash segregated under federal and other regulation		10,649
Due from clearing organization		733,917
Securities owned:		
-marketable		591,749
Furniture, equipment and leasehold improvements net of accumulated depreciation of \$370,939		281,349
Interest receivable		5,589
Prepaid expenses		18,480
Investments in affiliate organizations		300,000
Other assets		20,837
Total Assets	\$	2,527,218

LIABILITIES AND STOCKHOLDER'S EQUITY

Accounts payable		797,805
Due to clearing organization		0
Securities sold, not yet purchased, at market value		0
Commissions payable		146,493
Arbitration Award Payable		523,617
Total Liabilities	\$	1,467,915
Common stock, \$.01 par value, authorized 100,000 shares, issued 86,000 shares, outstanding 51,000 shares		860
Additional paid-in capital		524,140
Retained earnings		726,307
Less 35,000 shares of treasury stock at cost		(192,004)
Total Stockholder's Equity	\$	1,059,303
Total Liabilities and Stockholder's Equity	\$	2,527,218

The accompanying notes are an integral part of these financial statements

LAWSON FINANCIAL CORPORATION
Statement of Operations
For the Year Ended September 30, 2016

REVENUES

Trading profits	\$ 1,719,336
Investment banking	624,041
Commissions	108,598
Interest income	116,658

\$ 2,568,633

EXPENSES

Employee compensation and benefits	178,511
General and administrative	1,263,666
Interest	16,724
Professional fees	773,689
Occupancy and equipment costs	322,860
Regulatory fees and expenses	426,982
Advertising	107,545
Insurance	146,903
Communications and data processing	108,573
Seminars	31,512
Postage	33,248
Depreciation	12,864
Miscellaneous	161,414

\$ 3,584,491

Net Loss

\$ (1,015,858)

The accompanying notes are an integral part of these financial statements

LAWSON FINANCIAL CORPORATION
Statement of Cash Flows
For the Year Ended September 30, 2016

Cash flows from operating activities:	
Net Income	\$ (1,015,858)
Adjustments to reconcile net income to	
net cash provided by operating activities:	
Depreciation	12,864
Increase (decrease) in cash resulting from changes in:	
Commissions receivable	0
Securities owned, marketable	2,419,543
Employee receivable	25,200
Interest receivable	8,079
Prepaid expenses	(5,167)
Other assets	15,000
Receivable/Payable to clearing organization	1,778,191
Accounts payable, accrued expenses, and other liabilities	798,916
Securities sold, not yet purchased	(2,597,412)
Commissions payable	(1,854,508)
Related party payable	72,044
	<hr/>
Net cash provided by operating activities	(343,107)
Net cash used in investing activities:	
Purchase of Fixed Assets	0
	<hr/>
Net increase in cash and cash equivalents	(343,107)
Cash and cash equivalents, beginning of year	918,404
	<hr/>
Cash and cash equivalents, end of year	<u>\$ 575,297</u>
Supplemental cash flow information:	
Cash paid for interest	<u>\$ 16,724</u>

The accompanying notes are an integral part of these financial statements

LAWSON FINANCIAL CORPORATION
Statement of Changes in Stockholder's Equity
For the Year Ended September 30, 2016

	Common Stock	Additional Paid in Capital	Treasury Stock	Retained Earnings	Total
Balance, October 1, 2015	860	524,140	(192,004)	1,742,165	\$ 2,075,161
Net income for the year ended September 30, 2016				(1,015,858)	(1,015,858)
Balance, September 30, 2016	860	524,140	(192,004)	726,307	\$ 1,059,303

The accompanying notes are an integral part of these financial statements

LAWSON FINANCIAL CORPORATION
Notes to Financial Statements
September 30, 2016

1. Summary of Significant Accounting Policies

• **Basis of Presentation**

Lawson Financial Corporation (the Company) is a securities broker-dealer and engages in activities as a market maker with offices in Arizona and Florida. The Company conducts security transactions fully disclosed with Pershing, LLC, which acts as its clearing broker. These statements have been prepared in accordance with established standards for securities broker-dealers. The following is a summary of significant accounting policies followed by the Company. The policies conform with accounting principles generally accepted in the United States of America and require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as disclosures of contingent assets and liabilities in the financial statements. Actual results could differ from those estimates. For the year ended September 30, 2016, there is no difference between the Company's net income and comprehensive income.

• **Cash Equivalents**

Cash equivalents include highly liquid debt instruments and other short-term investments with an original maturity of three months or less.

Cash equivalents at September 30, 2016 consisted of:

Cash	\$ 564,649
Cash segregated under federal and other regulations	<u>10,649</u>
	\$ <u>575,298</u>

c. **Financial instruments**

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Customers' securities and commodities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis.

Amounts receivable and payable for securities transactions that have reached their contractual settlement date are recorded net on the statement of financial condition.

Financial instruments are recorded at fair value in accordance with FASB ASC 820.

LAWSON FINANCIAL CORPORATION
Notes to Financial Statements
September 30, 2016

1. Summary of Significant Accounting Policies, (continued)

d. Investment Banking

Investment banking revenues include gains, losses, and fees, net of syndicate expenses, arising from securities offerings in which the Company acts as an underwriter or agent. Investment banking management fees are recorded on offering date, sales concessions on settlement date, and underwriting fees at the time the underwriting is completed and the income is reasonably determinable.

e. Receivables

The Company accounts for receivables on the cost basis. Trade receivables consist primarily of amounts due from Pershing, LLC and the Company has not encountered collection problems regarding these receivables. Other receivables are written off using the specific identification method at the time the Company determines the receivable to be uncollectible.

f. Allowance for Doubtful Accounts

Commissions and other receivables are stated net of an allowance for doubtful accounts. The Company estimates the allowance based on an analysis of the specific receivables, taking into consideration the age of the past due accounts and an assessment of the debtor's ability to pay. There is no allowance for doubtful accounts at September 30, 2016.

g. Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements are carried at cost. Depreciation is computed using accelerated methods with estimated lives of five or seven years. Leasehold improvements are amortized over the estimated economic useful life of the improvement.

h. Commissions

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

i. Income Taxes

As of July 1, 1991, the Company elected to be treated as a Subchapter S Corporation under Section 1362 of the Internal Revenue Code. Consequently, the components of the Company's taxable results have been reported on the individual income tax return of the Company's stockholder since that date.

LAWSON FINANCIAL CORPORATION
Notes to Financial Statements
September 30, 2016

1. Summary of Significant Accounting Policies, (continued)

j. Advertising

Advertising and promotion costs of \$107,545, are expensed as incurred.

2. Fair value measurement

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs are developed based on the best information available in the circumstances and may include the Company's own data.)

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2016.

LAWSON FINANCIAL CORPORATION
Notes to Financial Statements
September 30, 2016

2. Fair value measurement (continued)

Fair Value Measurements on a Recurring Basis
As of September 30, 2016

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial Instruments owned:				
Municipal Bonds	\$ -	269,235	143,768	413,003
Corporate Obligations	-	-	-	-
Other Securities	-	71,578	61,272	132,850
Collateralized Mortgage Obligations	-	-	-	-
Equities	-	45,896	-	45,896
	<u>-</u>	<u>45,896</u>	<u>-</u>	<u>45,896</u>
Totals	<u>\$ -</u>	<u>386,709</u>	<u>205,040</u>	<u>591,749</u>
 <u>Liabilities</u>				
Financial instruments sold, Not yet purchased				
Other Securities	\$ -	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3) during the year ended September 30, 2016.

Level 3 Financial Assets and Liabilities
Year Ended September 30, 2016
Total Gains/Losses Included in Income
Principal Transactions

	<u>Beginning Balance</u>	<u>Realized Gains and (Losses) Related to Assets Held at Year End</u>	<u>Transfers In/Out</u>	<u>Purchases, Issuances, and Settlements</u>	<u>Ending Balance</u>
Assets					
Financial Instruments Owned	\$ -	(29,949)	-	234,989	205,040
	<u>-</u>	<u>(29,949)</u>	<u>-</u>	<u>234,989</u>	<u>205,040</u>

LAWSON FINANCIAL CORPORATION
Notes to Financial Statements
September 30, 2016

3. Cash Segregated Under Federal and Other Regulations

Cash of \$10,649 has been segregated in a special reserve bank account for the benefit of customers under rule 15c3-3 of the Securities and Exchange Commission.

4. Deposit with Clearing Organization

The Company is required to hold a cash deposit with its clearing broker. The deposit requirements are a contractual obligation between the Company and its clearing broker and can be adjusted based on the type and value of securities held in inventory. In lieu of a clearing deposit, the Company obtained a letter of credit with BMO Harris Bank in the amount of \$100,000 which can only be used to satisfy any clearing deficits with Pershing, LLC., the Company's clearing broker. As of September 30, 2016 the Company had not drawn on the letter of credit. The letter of credit specifies an interest rate of 3% in excess of prime. The line is collateralized by substantially all of the Company's assets. The Company is currently on a liquidation basis only with Pershing as the clearing relationship has been terminated due to the Company's small size. The Company is currently in negotiations with another clearing firm and expects the situation to be resolved in the next few months.

5. Financial instruments with off-balance sheet risk

The Company's customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to its customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customers' accounts. In connection with these activities, the Company executes and clears customer transactions involving the sale of securities not yet purchased, substantially all of which are transacted on a margin basis subject to individual exchange regulations. Such transactions may expose the Company to significant off-balance-sheet risk in the event margin requirements are not sufficient to fully cover losses that customers may incur. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer's obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily and, pursuant to such guidelines, requires the customer to deposit additional collateral or to reduce positions when necessary.

LAWSON FINANCIAL CORPORATION
Notes to Financial Statements
September 30, 2016

6. Securities Owned

The amortized cost and estimated market values of investment trading securities at September 30, 2016 are as follows:

	<u>Amortized cost</u>	<u>Gross unrealized gains</u>	<u>Gross unrealized losses</u>	<u>Estimated market value</u>
Municipal bonds	\$ 554,756	5,314	147,067	413,003
Other securities	304,548	9,250	180,948	132,850
Corporate obligations	75	-	75	-
Equities	10,538	35,378	20	45,896
Collateralized mortgage Obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 869,917</u>	<u>49,942</u>	<u>328,110</u>	<u>591,749</u>

The net unrealized loss at September 30, 2016 is \$278,169 and is recognized in the current statement of income.

The amortized cost and estimated market value of investment trading securities at September 30, 2016, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or pre-pay obligations with or without call or prepayment penalties.

	<u>Amortized cost</u>	<u>Estimated market value</u>
Due in one to five years	\$ 0	0
Due in five to fifteen years	12,800	13,189
Due in fifteen years to twenty years	5,080	3,312
Due in twenty years to thirty-nine years	<u>36,876</u>	<u>396,502</u>
	554,756	413,003
Other securities	304,548	132,850
Corporate obligations	75	-
Equities	10,538	45,896
Collateralized mortgage obligations	<u>-</u>	<u>-</u>
	<u>\$ 869,917</u>	<u>591,749</u>

7. Receivable from Clearing Organization

The Company clears certain of its proprietary and customer transactions through another broker-dealer on a fully disclosed basis. The receivable from the clearing organization in the amount of \$733,917 is from the purchase and sales of securities on a trade date basis at September 30, 2016.

LAWSON FINANCIAL CORPORATION
Notes to Financial Statements
September 30, 2016

8. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1.

Net capital and related net capital ratio may fluctuate on a daily basis. At September 30, 2016, the Company had net capital of \$392,165 which was \$142,165 in excess of its required net capital of \$250,000. The Company's aggregate indebtedness to net capital ratio was 3.74 to 1.

9. Lease Commitments

The Company has obligations under operating leases with initial noncancelable terms in excess of one year. Future minimum lease obligations for office space and equipment at September 30, 2016, are as listed below:

Years ending September 30:	
2017	\$ 331,152
2018	332,269
2019	312,895
2020	268,778
Total	<u>\$1,245,094</u>

Certain leases contain escalation clauses. Rent expense for operating leases for the year ended September 30, 2016 was \$322,860.

10. Related Party Transactions

The Company leases a condominium from a stockholder on a month-to-month basis. The rent for the year ended September 30, 2016, was \$25,741, which is included in occupancy and equipment costs.

The Company leases its corporate offices from a company partially owned by the stockholder on a month-to-month basis. The rent during the year ending September 30, 2016 was \$200,144, which is included in occupancy and equipment costs.

The Company has \$0 in liabilities to related parties.

The investments in affiliated organizations are non-interest bearing and non-collateralized. These investments are carried at cost of \$300,000.

LAWSON FINANCIAL CORPORATION
Notes to Financial Statements
September 30, 2016

11. 401(k) Plan

The Company has a 401(k) plan, which covers substantially all full-time employees over age 21 with at least one year of service. The plan provides for employee deferrals in accordance with the annual deferral limit as set by the Internal Revenue Code. The Company does not make matching contributions.

12. Concentrations and Credit Risks

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event the counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

In normal industry practices, brokerage firms sell securities not yet purchased for their own account. The establishment of short positions exposes firms to off-balance sheet market risk in the event prices increase, as the firms may be obligated to acquire the securities at prevailing market prices.

The Company from time to time maintains bank accounts with balances in excess of federally insured limits, which exposes the Company to risk in the event of a bank failure. For the year ended September 30, 2016, the Company had on deposit \$172,875 in excess of federally insured limits.

13. Contingencies

The Company was the subject of an arbitration in which the claimant was awarded \$523,617 which is reflected in the financial statement. The award is currently on appeal and a motion to stay the award has been approved. The Company believes the case is without merit and is confident the award will be overturned.

The Company has been named as a respondent in a complaint brought by FINRA which alleges securities fraud involving Municipal Bonds. The Company believes the allegations are false and is in the process of clearing the allegations. These financial statements contain no adjustments that may arise as a result of any findings in this FINRA complaint.

14. Subsequent Events

The company has evaluated subsequent events through the date which the financial statements were available to be issued.

LAWSON FINANCIAL CORPORATION
Notes to Financial Statements
September 30, 2016

14. Subsequent Events (Continued)

Subsequent to year end, but prior to the issuance of these financial statements, the Securities and Exchange Commission, out of its New York office, recommended the institution of an administrative and cease-and-desist proceeding. As of the issuance of these financial statements, the proceedings had not commenced. These financial statements contain no adjustments that may arise as a result of these proceedings.

Schedule I

LAWSON FINANCIAL CORPORATION
Computation of Net Capital Under Rule 15c3-1 of the
Securities and Exchange Commission
As of September 30, 2016
Per Original Focus Report filed on October 26, 2016

Net Capital

Total stockholder's equity \$ 1,059,303

Nonallowable assets

Employee receivables	-	
Prepaid expenses	18,480	
Furniture, equipment and leasehold improvements	281,349	
Other assets	<u>320,837</u>	
Total deductions		<u>620,666</u>
Net capital before haircuts on securities positions		438,637

Haircuts

State and municipal government obligations	28,620	
Other securities	17,852	
Corporate bonds and obligations	-	
Equities	-	
Short Inventory	-	
Undue Concentration	<u>-</u>	
Total haircuts		<u>46,472</u>
Net capital		<u><u>\$ 392,165</u></u>

Aggregate indebtedness

Accounts payable, accrued expenses, and other liabilities, as adjusted \$ 1,467,915

Computation of basic net capital requirement

Minimum net capital required (6 2/3% of aggregate indebtedness)	<u><u>\$ 97,861</u></u>
Minimum dollar net capital requirement	<u><u>\$ 250,000</u></u>
Net capital requirement (greater of above)	<u><u>\$ 250,000</u></u>
Excess net capital	<u><u>\$ 142,165</u></u>
Excess net capital at 1000%	<u><u>\$ 245,374</u></u>
Ratio: Aggregate indebtedness to net capital	<u><u>3.74 TO 1</u></u>

Schedule I, (continued)

LAWSON FINANCIAL CORPORATION
Computation of Net Capital Under Rule 15c3-1 of the
Securities and Exchange Commission
As of September 30, 2016

**Reconciliation of the computation of net capital with the computations included
in Part IIA of Form X17A-5 as of the same date.**

There is a difference of \$0 between net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 report dated September 30, 2016.

Net capital per unaudited schedule		\$392,165
Adjustments		
Retained earnings	0	
Non-allowable assets	<u>0</u>	
Net capital per audited statements		<u><u>0</u></u>
		<u>\$392,165</u>

Schedule II

LAWSON FINANCIAL CORPORATION Computation for Determination of Reserve Requirements for Broker Dealers Under Rule 15c3-3 of the Securities and Exchange Commission As of September 30, 2016

Credit balances

Free credit balances and other credit balances in customers' security accounts	\$	-
Monies borrowed, collateralized by securities carried for the accounts of customers		-
Monies payable against customers' securities loaned		-
Credit balances in firm accounts which are attributable to principal sales to customers		-
Market value of stock dividends, stock splits and similar distributions receivable outstanding over thirty calendar days		-
Market value of short security count differences over thirty calendar days old		-
Market value of short securities and credits (not to be offset by longs or by debits) in all suspense accounts over thirty calendar days		-
Market value of securities which are in transfer in excess of forty calendar days and have not been confirmed to be in transfer agent or issuer during the forty days		-
Total credit items		<u>-</u>

Debit balances

Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection and net of deductions pursuant to Rule 15c3-3		-
Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver		-
Failed to deliver customers' securities not older than thirty calendar days		-
Margin required and on deposit with the Options Clearing Corporation for all option contracts written or purchased in customer accounts		-
Total debit items		<u>-</u>
Excess of total credits over total debits	\$	<u>-</u>

Reserve Computation

105% of total credits over total debits	\$	<u>-</u>
Amount held on deposit in reserve bank accounts	\$	<u>10,649</u>

Note: The Computation of Reserve Requirements under Rule 15c3-3 as of September 30, 2016 computed by Lawson Financial Corporation in its Form X-17A-5, Part II filed with the Financial Industry Regulatory Authority on October 26, 2016, agrees with that shown above.

Schedule III

LAWSON FINANCIAL CORPORATION
Information relating to Possession or Control Requirements
Under Rule 15c3-3 of the Securities and Exchange Commission
As of September 30, 2016

1. Customers' fully paid and excess margin securities not in the respondent's possession or control as of September 30, 2016 for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frames specified under rule 15c3-3.

\$ -

A. Number of items

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2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of September 30, 2016, excluding items arising from "temporary lags which result from normal business operations" as permitted under rule 15c3-3.

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Lawson Financial Corporation
Report on Compliance Provisions
Report Pursuant to Provisions of 17 C.F.R. § 240.15c3-1 and 240.15c3-3(e)
For the Year Ended September 30, 2016



**Report of Independent Registered Public Accounting
Firm**

We have examined Lawson Financial Corporation's statements, included in the accompanying Assertions Regarding Compliance, that (1) Lawson Financial Corporation's internal control over compliance was effective during the most recent fiscal period beginning October 1, 2015 and ending September 30, 2016; (2) Lawson Financial Corporation's internal control over compliance was effective as of October 1, 2015; (3) Lawson Financial Corporation was in compliance with 17 C.F.R. §§ 240.15c3-1 and 240.15c3-3(e) as of October 1, 2015; and (4) the information used to state that Lawson Financial Corporation was in compliance with 17 C.F.R. §§ 240.15c3-1 and 240.15c3-3(e) was derived from Lawson Financial Corporation's books and records. Lawson Financial Corporation's management is responsible for establishing and maintaining a system of internal control over compliance that has the objective of providing Lawson Financial Corporation with reasonable assurance that non-compliance with 17 C.F.R. §240.15c3-1, 17 C.F.R. § 240.15c3-3, 17 C.F.R. § 240.17a-13, or Rule 2340 of the Financial Industry Regulatory Authority that requires account statements to be sent to the customers of Lawson Financial Corporation will be prevented or detected on a timely basis. Our responsibility is to express an opinion on Lawson Financial Corporation's statements based on our examination.

We conducted our examination in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Lawson Financial Corporation's internal control over compliance was effective as of and during the most recent fiscal period beginning October 1, 2015 and ending September 30, 2016; Lawson Financial Corporation complied with 17 C.F.R. §§ 240.15c3-1 and 240.15c3-3(e) as of October 1, 2015; and the information used to assert compliance with 17 C.F.R. §§ 240.15c3-1 and 240.15c3-3(e) as of October 1, 2015 was derived from Lawson Financial Corporation's books and records. Our examination includes testing and evaluating the design and operating effectiveness of internal control over compliance, testing and evaluating Lawson Financial Corporation's compliance with 17 C.F.R. §§ 240.15c3-1 and 240.15c3-3(e), determining whether the information used to assert compliance with 240.15c3-1 and 240.15c3-3(e) was derived from Lawson Financial Corporation's books and records, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, Lawson Financial Corporation's statements referred to above are fairly stated, in all material respects.

Breard & Associates, Inc.

Breard & Associates, Inc. Certified Public
Accountants

Northridge, California
November 21, 2016



Lawson Financial Corporation
Annual Compliance Report
November 14, 2016

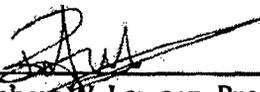
In accordance with SEC Rule 17a-5 we hereby submit the following compliance report:

Lawson Financial Corporation has established and maintained internal control over compliance that has the objective of providing us with reasonable assurance that non-compliance with rules 240.15c3-1, 240.15c3-3, and 240.17a-13, or any rule of our designated examining authority that requires account statements be sent to our customers will be prevented or detected on a timely basis.

Our internal control over compliance was effective during our most recent fiscal year, and was effective as of the end of our most recent fiscal year which ended September 30, 2016.

We were in compliance with 240.15c3-1 and 240.15c3-3 as of the end of the most recent fiscal year. The information used to state that we were in compliance with 240.15c3-1 and 240.15c3-3 was derived from our books and records.

We did not have any material weakness in our internal control over compliance during our most recent fiscal year. We also did not have any instance of non-compliance with rules 240.15c3-1 or 240.15c3-3e as of the end of our most recent fiscal year which was September 30, 2016.



Robert W. Lawson, Pres./CEO
Lawson Financial Corporation